

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1689-01
Bill No.: SB 327
Subject: Auditor, State; Cities, Towns, and Villages; Counties; Courts; Crimes and Punishment; Fees; Revenue Department
Type: Original
Date: March 17, 2015

Bill Summary: This proposal modifies provisions relating to municipal courts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$90,605)	(\$96,229)	(\$97,210)
Total Estimated Net Effect on General Revenue	(\$90,605)	(\$96,229)	(\$97,210)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of the State Auditor** assume the required duties in relation to this proposal would require 1 FTE at the Staff Auditor II level for the State Auditor's Office to review the reports received and report to the Office of State Court Administrator as indicated in §302.341.3.

Officials at the **Department of Revenue (DOR)** assume §302.341 defines "annual general operating revenue" and "traffic violation." The legislation removes a reference to "county" throughout the bill. The provisions of Subsection 5 require the Department to notify the Office of State Courts Administrator when a city, town, or village fails to send excess revenues in accordance with the provisions of this section. Additionally, the legislation requires the State Auditor to notify the Office of State Courts Administrator when a city, town, or village fails to make timely and accurate reports or when the entity is noncompliant. The Department notifies the Office of State Courts Administrator when the entity pays all revenues and interest.

Administratively, the Department requires all cities, towns, and villages to file an annual report identifying whether they collected excess revenue. The Department needs to establish when each entity's fiscal year ends in order to establish a due date. If the entity fails to file the report or fails to remit the amount due, the Department reports those cities to the Office of State Courts Administrator. Sales Tax requires one Revenue Processing Technician I (Range 10) to administer the program. The section also requires minor programming resources to track delinquent accounts and to calculate interest on the outstanding liabilities.

By removing the word "traffic" and referring to §302.010 for the definition of "moving violation", the proposed language may broaden what types of offenses can be used by the court to suspend a driver for failing to appear or pay a moving violation. As such, the Department could potentially see an increase in the volume of Failure to Appear suspension notices received from the courts. There are no statistics available to determine the exact volume the Department may receive; however, if the volume is so significant that it cannot be absorbed by existing staff, an additional FTE(s) will be requested through the appropriations process.

If suspensions increase based on this legislation, the collection of reinstatement fees would also increase. The reinstatement fees collected will be distributed 75 percent highway Funds, 15 percent cities, and 10 percent counties.

Officials at the **Riverview Gardens School District** assume a positive impact from this proposal.

ASSUMPTION (continued)

Officials at the **Office of the State Courts Administrator** assume the proposed legislation modifies provisions relating to municipal courts. There may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials at the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Department of Elementary and Secondary Education**, the **Missouri Department of Transportation** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

Officials at the **City of Kansas City**, the **Kansas City Public Schools**, the **Malta Bend School District** and the **Special School District of St. Louis County** each assume no fiscal impact to their respective entities from this proposal.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Costs - DOR</u>			
Personal Service	(\$19,900)	(\$24,119)	(\$24,360)
Fringe Benefits	(\$10,349)	(\$12,543)	(\$12,668)
Equipment and Expense	<u>(\$7,080)</u>	<u>(\$1,126)</u>	<u>(\$1,153)</u>
<u>Total Costs - DOR</u>	(\$37,329)	(\$37,788)	(\$38,181)
FTE Change - DOR	1 FTE	1 FTE	1 FTE
<u>Costs - Office of State Auditor</u>			
Personal Service	(\$31,544)	(\$38,232)	(\$38,614)
Fringe Benefits	(\$16,404)	(\$19,883)	(\$20,081)
Equipment and Expense	<u>(\$5,328)</u>	<u>(\$326)</u>	<u>(\$334)</u>
<u>Total Costs - Office of State Auditor</u>	<u>(\$53,276)</u>	<u>(\$58,441)</u>	<u>(\$59,029)</u>
FTE Change - Office of State Auditor	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$90,605)</u>	<u>(\$96,229)</u>	<u>(\$97,210)</u>
Estimated Net FTE Change for General Revenue	2 FTE	2 FTE	2 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Current law requires a city, town, village, or county to send revenues received from traffic violations that exceed 30 percent of the political subdivision's annual general operating revenue to the Department of Revenue to be distributed to schools in the county. This act creates definitions for "annual general operating revenue" and "traffic violation". In addition, this act removes counties from the requirements of the provision. The Department of Revenue is granted rulemaking authority to create any procedure or form necessary to verify a municipality has sent the correct amount of excess revenues.

Current law requires municipalities to include an accounting of the percentage of revenue derived from traffic violations in their comprehensive annual financial reports to the State Auditor. This act removes the word "comprehensive". Under current law, a municipality must send its excess revenues to the Department of Revenue by the date the annual financial report is due to the Auditor. This act provides that the municipality must send its excess revenues by the last day of the second month immediately following the end of the municipality's fiscal year.

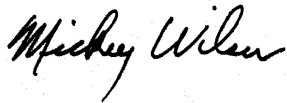
This act requires the Department of Revenue to notify the Office of State Courts Administrator if a municipality fails to send excess revenues on the due date, and the Auditor must notify the State Courts Administrator if the financial report is late. The Auditor is required to report back when an accurate report is received. In order for a municipality that failed to send in excess revenues to have its court jurisdiction restored, this act requires the municipality to pay interest on the excess revenues in the same amount as the Director of the Department of Revenue sets for late taxes. Once the Department of Revenue receives all interest and delinquent revenues from the municipality, the Department must report to the State Courts Administrator. The State Courts Administrator must ensure the jurisdiction of a municipal court over traffic violations is suspended when notified of the noncompliance of the city, town, or village and must reinstate the jurisdiction when notified that the municipality is in compliance.

This act requires the presiding judge of each municipal division to report its existence to the Office of State Courts Administrator. The presiding judge must also notify the State Courts Administrator when a municipal division is abolished. When a municipality elects to create a municipal division, the presiding judge of the new division must report to the State Courts Administrator within 90 days.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Auditor
Department of Revenue
Riverview Gardens School District
Office of the State Courts Administrator
Office of the Attorney General
Department of Elementary and Secondary Education
Missouri Department of Transportation
State Tax Commission
City of Kansas City
Kansas City Public Schools
Malta Bend School District
Special School District of St. Louis County



Mickey Wilson, CPA
Director
March 17, 2015

Ross Strobe
Assistant Director
March 17, 2015